

LEGAL POLICY & RATEMAKING LAW SECTION
LAW DEPARTMENT



January 17, 2008

Hon. Steven W. Williams, Secretary
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, D.C. 20268-0001

RE: Docket No. MC2005-3

Dear Mr Williams:

In accordance with the Commission's Opinion and Recommended Decision on Rate and Service Changes to Implement Baseline Negotiated Service Agreement with Bookspan, Docket No. MC2005-3, the Postal Service's third six-month report on items 7 and 8, covering the period June 1, 2007 – November 30, 2007, is attached.

Sincerely,

Scott L. Reiter
Attorney

Docket No. MC2005-3 Data Collection Report
Bookspan NSA
June 2007 – November 2007

- 7. A narrative comparison of Bookspan's actual volumes by rate category with:**
- a. Before rates forecast**
 - b. After rates forecast**
 - c. Subclass totals**
 - d. Relevant benchmarks (such as book companies, publishers, negative option customers) based on research using available and/or commissioned sources where possible.**
- a. Bookspan's actual volume for the six month period of June 2007 – November 2007 is 15.5% above its implied Before Rates forecast (presented in the filing on an annual basis of 75 million).
- b. Bookspan's actual volume for the six month period of June 2007 – November 2007 is 0.2% percent below its After Rates forecast (presented in the filing on an annual basis of 105 million).
- c. The subclass totals for the six month period shifted compared to historical subclass totals of FY04. Specifically, total Standard Mail Automation letter-size mail volumes shifted to 99 percent for the period of June 2007 to November 2007 compared to 91 percent in FY04. This shift is reflected by decrease in the Auto 3 Digit rate category (representing 63 percent compared to 65 percent in FY04), and in the Auto AADC rate category, representing 3 percent compared to 13 percent in FY04 and Auto Mixed AADC (4 percent compared to 8 percent). However, there was an increase in Auto 5 digit (29 percent compared to 5 percent). The Non-Automation mail volume share declined from 1.7 percent to 0.6 percent within total letter-size Standard Mail and, decreased significantly within ECR volume, from 7.4 percent to 0.2 percent.
- d. October 2007 retail bookstore sales increased 8.0 percent compared the same period last year. For the time period June 2007 through October 2007, retail bookstore sales increased 4.6% compared to the same period last year according to Bureau of the Census, Service Sector Statistics. Overall Retail Sales for the period June to October 2007 is up 3.8 percent over the same period last year 2006 for Retail Sales while overall retail sales increased 6.5 for the month of October 2007 compared to October 2006. For the nine categories relevant to Bookspan in the domestic book publishing industry, YTD net sales increased 9.7% for the period January through October compared to the same period last year according to the Association of American Publishers (AAP).

Docket No. MC2005-3 Data Collection Report
Bookspan NSA
June 2007 – November 2007

8. Standard Mail letter-size volume that included strategic business alliance inserts by rate category.

Bookspan cancelled their strategic business alliance program; therefore none of their mailings included inserts from a strategic business alliance.